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FM AMCONSUL HO CHI MINH CITY
TO RUEHC/SECSTATE WASHDC IMMEDIATE 3550
INFO RUCPDOG/USDOC WASHDC PRIORITY 0061
RUEHHI/AMEMBASSY HANOI PRIORITY 2415
RUCNARF/ASEAN REGIONAL FORUM COLLECTIVE
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEHHM/AMCONSUL HO CHI MINH CITY 3769

UNCLAS SECTION 01 OF 03 HO CHI MINH CITY 000039

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STATE FOR EAP/MLS, EEB/TPP/BTA/ANA
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TREASURY FOR SCHUN
COMMERCE FOR HHPHO
USAID/ANE

E.O. 12958: N/A

TAGS: [ECON](#) [EAGR](#) [ELNT](#) [ETRD](#) [BEXP](#) [VM](#)

SUBJECT: HCMC BUSINESS LEADERS -- THE SOUTH IS RISING AGAIN

REF: (A) 07 HCMC 1281, (B) HCMC 10

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1. (SBU) SUMMARY: For proof that Vietnam really is changing, one need look no further than the fate of persons closely associated with the pre-1975 Republic of Vietnam (RVN) government and their families. After years of poverty and deprivation, often including lengthy stints in harsh "reeducation camps" and years of unemployment as political undesirables, a rising number of these individuals once again rank among Vietnam's most successful economic leaders. Through dogged determination they have seized the opportunities on offer during Vietnam's economic liberalization and built up business empires. While they owe their continued success to a certain degree of caution and a good sense of what is allowable and what is not, they nonetheless remain unabashed advocates of further reform as well as for good governance and increased transparency. Having lived both extremes, they see building their communities and U.S. education for their children as the best way ensure future prosperity. End summary.

2. (SBU) This is the third in a series of three cables analyzing how HCMC's business community is active in shaping Vietnam's policies. Reftels assess the role of the politically-connected as well as those without connection who have risen through innovation and hard work.

Starting From Less than Nothing

3. (SBU) After his service in the Marine Corps of South Vietnam from 1972-1975, Nguyen Van Phan landed in re-education camp for seven years then spent three years nearly starving on the streets of HCMC since he was considered too politically undesirable to employ. Through constant labor, Phan went from being penniless in 1983 to running Vietnam's largest rice processing and exporting company and Director of one of the country's top fish farms, Hiep Thanh Aqua-Cultural.

4. (SBU) Despite his hard life, Phan is upbeat about Vietnam and hopes for a better life for both his family and his workers. While he personally sleeps in a cot above the non air-conditioned factory floor, he is proud of the fact that he includes air conditioning in all the housing he builds for his workers. He also insists the highest possible level of food quality and safety for his workers, hiring a German firm to deliver food of guaranteed quality and purity by the truckload

for his 4,000+ workers. Among the projects he is working on at present are a daycare facility for workers' children and expanded kitchen space to prepare more meals for workers. While Phan's only daughter is currently in college in the U.S., Phan himself never graduated from school, does not speak English and has never traveled abroad.

15. (SBU) Phan speaks openly about economic problems in the Mekong Delta and tries to develop solutions for the community and businesses. In 1999, local factories faced a serious shortage of electricity about which Phan expressed concerns to local authorities. Authorities said they were aware of the problem and but could do nothing. Unhappy with that answer, Phan wrote to different newspapers until Vietnam Television sent reporters to conduct an interview that was televised nation-wide. Shortly after, Electricity of Vietnam built a power station for the district to address the power shortage for production factories and the community. Today, his leading political campaign is to shame the government into fulfilling a nearly 10-year old promise to improve road conditions.

Overcoming Prejudices

16. (SBU) Hang Vay Chi, who comes from Vietnam's ethnic Chinese minority, worked for various Japanese and Chinese language newspapers in Saigon from 1965 to 1972 then worked as an import/export manager for a company closely connected with old regime until 1975. After years of outright hostility to ethnic Chinese living in Vietnam, he emerged as a business leader when economic reform policies began to change the country. By 1981 he accumulated enough money selling clothing on the streets of and started Viet Huong Company to produce seasonings, instant noodle and other foodstuffs and established small facilities in Binh Duong to make handicrafts and pottery products. Chi got to know the pragmatic and pro-business Nguyen Minh Triet, then provincial chairman and now Vietnam's President. With Triet's support, Chi established the first private industrial park licensed in Vietnam in 1995, Viet Huong industrial park in Binh Duong.

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17. (SBU) By most accounts, Chi is the most successful and respected ethnic Chinese businessmen in HCMC. Chi has maintained his close relationship with President Triet and given his high-profile role in a community of 800,000 ethnic Chinese in HCMC, Vietnam's leaders value his advice. Chi is also the leader of the Chinese Language Education Sponsorship Society in HCMC, initiated in 1996 to foster the teaching of Chinese to young ethnic Chinese in Vietnam.

Starving Relative to Business Magnate

18. (SBU) As the son of a RVN Army (ARVN) colonel, Tran Duc Lam could have departed for the United States near the end of the war. While his father and uncle (another ARVN officer) arranged transportation for both their families, at the last moment Lam's mother could not stand to leave the land of their ancestors. What followed was nearly a decade of reeducation camp for Lam's father while Lam, along with his mother and 10 brothers and sisters, were moved from their Saigon home to a poor, remote village. Despite not being allowed to study beyond primary school, Lam taught himself mathematics and English so well that by the time reforms had kicked into gear in 1993 he was able to secure a job teaching high school math. Still unable to support his family following the death of his father, Lam struck out for HCMC to try to land a job with one of the new foreign companies opening up. After overseeing the process of setting up new offices for a foreign firm, Lam once again struck out on his own, this time to open his own furniture factory.

19. (SBU) With 1,500 employees and millions of dollars in annual sales, Lam can not only feed his family, he can provide them with luxuries such as a large country estate that is only minutes from downtown HCMC via his personal speedboat and the best private tutors for his children. After nearly three

decades of being the "poor Vietnamese relative" in his family who stayed behind in HCMC while his many cousins were more successful with their new lives in Texas, Lam now finds that his "poor American cousins" are coming to their multi-millionaire uncle for support in getting their own careers launched.

¶10. (SBU) Like many others in his position, Lam carefully eschews overtly political activities. At the same time, the way he runs his growing business empire with dedication to transparency and honesty speaks volumes about his desires for the future of Vietnam.

From Deprivation to Burgers -- to Good Works

¶11. (SBU) As an employee of the U.S. military and later as a business person with good U.S. connections in 1975, Dao Manh Ha probably could have joined many of his relatives as they departed for the USA. Instead he stayed in Vietnam with his wife and child and endured three years of reeducation camp followed by his forced ejection from his home in Saigon to a poor rural area in the Central Highlands. After the economic reforms of Doi Moi began to really take hold in the early 1990's, however, Ha returned to HCMC to build a new life. Today, his business interests include Vietnam's largest chain of fast food restaurants, which he owns with a Korean partner. While he is nearing retirement age and thinking of moving to join his daughter as well as much of his extended family in California, he is also actively supporting the work of his son, an American-trained and ordained Jesuit whose many activities include serving as an informal conduit between Vietnamese and American Jesuits and bringing health care to Vietnam's most impoverished rural areas. While he gives the GVN credit for the extent of reforms, he remains highly critical of the level of corruption and has refused to participate in various business ventures.

Next Generation Business Leaders with Western Education

¶12. (SBU) As Vietnam grows richer HCMC's business leaders can increasingly afford a highly-prized U.S. education for their children. The number of Vietnamese students enrolled in U.S. institutions of higher education jumped by nearly 1,500 from 4,597 to 6,036, during the 2006/2007 academic year, a 31.3 percent increase over the 2005/06 academic year and the highest percentage increase in the East Asia-Pacific Region. While the early wave of Vietnamese students studying in the USA went on government scholarships and often came from politically connected families, today roughly 80% of all U.S.-bound students

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are supported by their families. A remarkably high percentage of HCMC business leaders strive to send their children to the United States for education: Nguyen Thi Mai Thanh's (ref A) son has already returned and is working for a foreign bank in HCMC and Nguyen Van Phan and Hang Vay Chi both have daughters studying in California. These students, as well as thousands of others, will become the next generation of HCMC business leaders and could play an equally important role in Vietnamese politics.

Comment:

¶13. (SBU) Vietnam is changing for the better. Economic reforms are improving the lives of ordinary citizens and this reinforces support for the business community to take a stronger role in policy-making. The fact that even those previously deemed untouchable now have the opportunity to succeed demonstrates the breadth of change. Much of this change is pragmatic; the Communist Party of Vietnam needs ideas and support from business to maintain the economic growth that Vietnam's people have come to expect. Nevertheless economic reforms are creating space for business leaders to voice their opinions on some policy issues. This trend should be encouraged. End comment.

¶14. (U) This cable was coordinated with Embassy Hanoi.
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